



News Release

For Immediate Distribution

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Bernalillo County signs contract with guaranteed population at RCC; Cornell Companies operates facility

Houston, TX (March 30, 2005) – Bernalillo County, N.M. officials and Cornell Companies, Inc. (NYSE:CRN) jointly announced today that an Intergovernmental Service Agreement was signed between the County and the U.S. Office of the Detention Trustee (OFDT) that guarantees a population of 500 federal detainees at the Regional Correctional Center in Albuquerque. Cornell operates the facility. Ramp up for the increased population has already started. The annualized revenues at full capacity for this facility are estimated to range from \$18.5 million to \$20.5 million.

“The Agreement we signed with the OFDT allows us to maximize the use of a County asset, the Regional Correctional Center. Its downtown Albuquerque location provides convenient and low-cost transportation of detainees to the federal courthouse. The Agreement also brings to a close a project that the County has worked on for a number of years,” explained Alan B. Armijo, chair of the Bernalillo County Commission.

James Hyman, Cornell’s chairman and chief executive officer, said, “We are pleased with the six-year contract that Bernalillo County officials negotiated with the OFDT regarding population and per diems at the Regional Correctional Center. The fixed-price contract is effective immediately and includes economic price adjustments every two years. This is a prime example of how we partner with our customers and work with them to meet their needs.”

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About Cornell Companies

Cornell Companies, Inc. is a leading private provider of corrections, treatment and educational services outsourced by federal, state and local governmental agencies. Cornell provides a diversified portfolio of services for adults and juveniles, including incarceration and detention, transition from incarceration, drug and alcohol treatment programs, behavioral rehabilitation and treatment, and grades 3-12 alternative education in an environment of dignity and respect, emphasizing community safety and rehabilitation in support of public policy. Cornell (<http://www.cornellcompanies.com>) has 65 facilities in 16 states and the District of Columbia, which includes two facilities under development or construction. Cornell has a total service capacity of 17,668 including capacity for 1,514 individuals that will be available upon completion of facilities under development or construction.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current plans and actual future activities and results of operations may be materially different from those set forth in the forward-looking statements. Important factors that could cause actual results to differ include, among others, (1) the outcomes of pending putative class action shareholder and derivative lawsuits, and related insurance coverage, (2) Cornell's ability to win new contracts and to execute its growth strategy, (3) risks associated with acquisitions and the integration thereof (including the ability to achieve administrative and operating cost savings and anticipated synergies), (4) the timing and costs of the opening of new programs and facilities or the expansions of existing facilities, (5) Cornell's ability to negotiate contracts at those facilities for which it currently does not have an operating contract, (6) significant charges to expense of deferred costs associated with financing and other projects in development if management determines that one or more of such projects is unlikely to be successfully concluded, (7) results from alternative deployment or sale of facilities such as the New Morgan Academy or the inability to do so, (8) Cornell's ability to complete the construction of the Moshannon Valley Correctional Center as anticipated, (9) changes in governmental policy and/or funding to discontinue or not renew existing arrangements, to eliminate or discourage the privatization of correctional, detention and pre-release services in the United States, or to eliminate rate increase, (10) the availability of financing on terms that are favorable to Cornell, and (11) fluctuations in operating results because of occupancy levels and/or mix, competition (including competition from two competitors that are substantially larger than Cornell), increases in cost of operations, fluctuations in interest rates and risks of operations.

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